

HOUSE BILL REPORT

HB 2846

As Reported by House Committee On:
Labor & Workplace Standards

Title: An act relating to compliance with apprenticeship utilization requirements.

Brief Description: Addressing compliance with apprenticeship utilization requirements.

Sponsors: Representatives Ormsby, Sells, Frame, Gregerson, Moscoso, Bergquist, Jinkins, Cody, Peterson, Robinson, Farrell, Riccelli, Sawyer, Pollet, Appleton, Reykdal, Kilduff, Stanford, Walkinshaw and Santos.

Brief History:

Committee Activity:

Labor & Workplace Standards: 1/28/16, 2/1/16 [DP].

Brief Summary of Bill

- Provides that noncompliance with apprenticeship utilization requirements is one of the violations that count towards debarring a contractor from bidding on public works.
- Provides that, for purposes of meeting the responsible bidder criteria, the bidder must not have been found out of compliance with apprenticeship utilization requirements.
- Requires the Department of Labor and Industries to monitor compliance with apprenticeship utilization requirements.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: Do pass. Signed by 4 members: Representatives Sells, Chair; Gregerson, Vice Chair; Moeller and Ormsby.

Minority Report: Do not pass. Signed by 2 members: Representatives Manweller, Ranking Minority Member; McCabe.

Staff: Joan Elgee (786-7106).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

Apprenticeships.

Apprenticeships are a combination of on-the-job training under the supervision of journey-level workers and related classroom instruction. Apprenticeships last from one to six years. During an apprenticeship, apprentices are paid lower wages than journey-level workers.

The Washington State Apprenticeship and Training Council (Council), which is part of the Department of Labor and Industries (Department), establishes apprenticeship program standards, approves apprenticeship training programs, and otherwise governs the programs. Apprenticeship standards address the ratio of apprentices to journey-level workers allowed, the type of work apprentices may do, and the required supervision of apprentices.

Apprenticeship Utilization Requirements.

Contracts for public works that are estimated to cost \$1 million or more must require that at least 15 percent of the labor hours be performed by apprentices enrolled in approved apprenticeship training programs. This requirement applies to most contracts awarded by the state, school districts, and state four-year higher education institutions. Awarding entities may adjust the apprenticeship utilization requirements on specific projects for certain reasons, such as if there is a lack of apprentices in a specific geographic area. For the Department of Transportation, apprenticeship utilization requirements apply to public works estimated to cost \$3 million or more until July 1, 2020, at which time the dollar threshold changes to \$2 million.

Public Works Bidding.

A contractor bidding on a public works contract must meet certain criteria to be considered a "responsible bidder" qualified to bid. One of the criteria is that the contractor must not have been found to be out of compliance for working apprentices out of ratio, without supervision, or outside their approved work processes, for the one-year period immediately preceding the date of the bid solicitation.

A contractor is barred from bidding on any public works contract for one year if the contractor has committed any two of the following violations within a five-year period: (1) failing to register as a contractor; (2) failing to obtain industrial insurance coverage; (3) filing false payroll reports for purposes of industrial insurance; or (4) working apprentices out of ratio, without supervision, or outside their approved work processes.

Summary of Bill:

Public Works Bidding.

To be considered a responsible bidder, a contractor must not have been found out of compliance with the percentage of labor hours required to be worked by apprentices under the apprenticeship utilization requirement. In addition, noncompliance with the percentage of labor hours required under the apprenticeship utilization requirement is a violation that counts towards a contractor being debarred from bidding on public works contracts.

Compliance monitoring.

The Department, through the apprenticeship supervisor, must monitor compliance by contractors and awarding agencies with apprenticeship utilization requirements. The Department may coordinate with the Department of Enterprise Services, the Department of Transportation, the Office of Superintendent of Public Instruction, and any other agency or organization.

Compliance information must be made available to the Council and used to determine compliance for purposes of responsible bidder and debar laws.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Apprenticeships are private sector higher education and lead to good jobs. The bill is a positive tool and complements the \$16 billion transportation package. As a market participant, the state can set some standards for the use of those tax dollars. It has been 10 years since apprenticeships were required, which is ample time to comply. It is time to set standards and have consequences. The construction industry lost skilled workers during the recession and we need to bring in apprentices. This bill will help with the monumental skills gap.

(Opposed) Apprenticeship programs are supported. However, subcontractors get pressured to supply the apprenticeships, but the subcontractors would like to use the apprentices on a different job to give them varied training. It is questionable whether apprenticeship utilization really creates more journey-level workers.

Persons Testifying: (In support) Representative Ormsby, prime sponsor; Terry Tilton, Pacific Northwest Regional Council of Carpenters; and Billy Wallace, Washington and Northern Idaho District Council Laborers Union.

(Opposed) Larry Stevens, Mechanical and Electrical Contractors of Western Washington, and National Electrical Contractors Association.

Persons Signed In To Testify But Not Testifying: None.